

Quarterly Voluntary Release

Key figures Quarter 1-2018

MS Industrie AG, Munich, Germany (ISIN: DE0005855183)

MS Industrie Group with EAT in Quarter 1-2018
amounting up to Mio. EUR 1,6 - positive annual forecast

Overview of key figures Quarter 1-2018 and previous years period (for comparison purposes)

MS Industrie Group,
IFRS in Mio. EUR (EpS in EUR)

Group Sales

EBITDA

EBIT

EBT

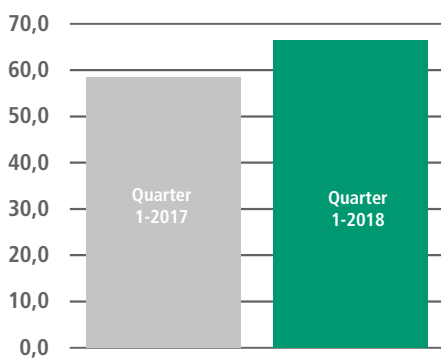
EAT

EpS

	Quarter 1-2017 (unaudited)	Quarter 1-2018 (unaudited)
Group Sales	58,5	66,5
EBITDA	3,7	5,7
EBIT	0,4	2,5
EBT	0,0	2,1
EAT	0,2	1,6
EpS	0,01	0,06

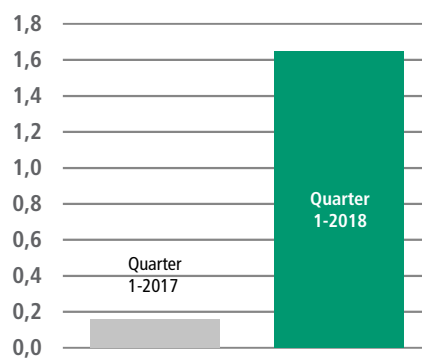
Group Sales

in Mio. EUR



Earnings after tax

after non-controlling-interests (EAT) in Mio. EUR



Munich, May 14, 2018

Dear Shareholders, dear Employees and Business Partners,

MS Industrie AG, Munich (ISIN: DE0005855183), based on the audited key figures of overall fiscal year 2017, published on April 30, 2018, presents on a voluntary base, selected unaudited quarterly IFRS-figures for Q1-2018, showing a very satisfactory development.

First 3 months of 2018 are - in accordance with expectations - characterized for MS Industrie-Group in total by a further substantially increasing sales volume, in relation to last year's reference period Q1-2017. This is especially true for the US sites of the group and here especially in the Powertrain sector. At the German-sites of the Group, the business has performed furthermore encouraging both in comparison with the satisfactory 1st quarter of the previous year as well as compared to the satisfactory 4th quarter of the previous year. Total revenues are in aggregate nearly on planned level, which has been set consciously for Q1-2018 on a moderate level especially in respect to the US-Powertrain-market.

Both in the **Powertrain Technology Group**, also briefly: "**Powertrain**", and in the **Ultrasonic Technology Group**, also briefly: "**Ultrasonic**", the sales development in Q1 was strongly different. Turnover of business segment "**Powertrain**" on the one hand is approximately +18 % above the sales of the previous year's period. Turnover of business segment "**Ultrasonic**" on the other hand with around +0,2 % is only slightly above the sales of the previous year's period. Such kinds of seasonal revenue fluctuations are usual in the business segment "**Ultrasonic**", with its underlying core business manufacturing of (special) machines and due to unsteady customer acceptances and delivery dates of finished machines.

Sales revenues of the business segment "**Powertrain**" contribute a percentage of around 82 % and sales revenues of segment "**Ultrasonic**" make for a percentage of around 18 % to the total consolidated group sales in Q1-2018.

Order backlogs end of March 2018 amounted to a total of around Mio. EUR 143; in the "Ultrasonic"-segment about 7,6 % and in the "Powertrain"-segment around 14,4 % above the average order backlog in the first three months of the previous year.

The performance of MS Industrie-Group in Q1-2018 was also very satisfactory in terms of the essential earnings indicators, particularly **earnings before interest, taxes, depreciation and amortization – EBITDA** -, **operating earnings before interest and tax - EBIT** -, **earnings before tax - EBT** -, **earnings after tax - EAT** - and last but not least "**Earnings per Share**" – "**EPS**" -.

Two new orders have been acquired in the "Powertrain"-Business-Segment. The parts for "American Axle & Manufacturing Inc. (AAM)" and "ZF" with start of production in 2018 will be applicable in the passenger car sector for pure electrical drives and hybrid powertrains, respectively. MS Industrie-Group herewith enters into the new powertrain technologies within its core competencies on the one hand and achieves further industry and customer diversification on the other hand.

This against the background of a continuously further recovering European commercial vehicle market with a registration increase of +2,6 % in Q1-2018 compared to the same quarter last year (increase in registrations in Germany: +0,4 %) and a slight decrease of -2,5 % in March 2018 compared to the same month last year, as the recent periodic evaluation, as of April 24, 2018, of "ACEA" („Association des Constructeurs Européens d'Automobiles", Brussels), again reconfirmed. The European market for heavy commercial vehicles over 16 tons has developed even a little more better in Europe with a registration increase of +2,9 % in Q1-2018 compared to the same quarter last year (decrease in registrations in Germany: -6,4 %) (Source also: "ACEA", April 24, 2018). These figures give us furthermore positive expectations, especially considering the fact that 2016 and 2017 have been satisfactory years for the European commercial vehicle industry at its best.

The US market for mid-sized and heavy trucks was expectedly clearly above previous year in terms of order income in March 2018 year on year with approximately +55 %, as, for example, from the current statistics of the private US-research firm "Rhein Report" can be read. Compared to previous month February 2018 the order income raised again by around 11 %, after increasing by 41 % in January 2018 and by 49 % in February 2018 compared to previous year. This means that, according to a most recent "ACT Research"-evaluation, order backlogs in the heavy truck segment with 205.000 units are at its highest level since May 2006, the strongest production year ever in the North American heavy-truck market. The "backlog-to-build-ratio" end of March is 7,2 months. According to an actual press release of the private US-research firm "FTR" the "class 8"-order income March 2018 with a total of 46.300 units was again around 15 % above February and 103 % above prior year's period. March was the third straight month of more than 40.000 orders for "class 8"-trucks. This indicates even more, that the market recovery scenario on the US-heavy duty-truck-market which was the basis for the company's planning and forecast process at the beginning of the year, with an assumption of "class 8"-sales totaling 315.000 units on the US-market as a whole in current year 2018, will probably fulfill. Due to the massive enhanced order situation and the high "backlog-to-build-ratio" are the large US-OEM's actually thinking about

price increases and hiring of temporary employees. Indeed, a further market-recovery impact is still expected for the second quarter and the second half of the year.

Key figures for Q1-2018 (January to March 2018) are as follows:

In the actual reporting period Q1-2018 and in the previous year's period there have been no non-recurring items with a significant influence on profit and loss, therefore adjusted key figures are equal to unadjusted key figures.

Total Consolidated Revenues for Q1-2018 are at **Mio. EUR 66,5** (prev. Mio. EUR 58,5), with +13,6 % being clearly above the previous year's first quarter and therefore in line with plan.

Total Factory Output, including positive changes in inventory, totaling to around **Mio. EUR 2,6** (prev. Mio. EUR 0,5), is around **Mio. EUR 69,1** (prev. Mio. EUR 59,0) and so as well with +17,1 % significantly above previous year's period output.

In the regional sales-market **USA / Canada ("North America")** the achieved revenues in Q1-2018 are totaling to **Mio. EUR 24,2** (prev. Mio. EUR 16,0). Thus around **36,4 %** (prev. 27,4 %) of consolidated total revenues of MS Industrie-Group in Q1-2018 have again been achieved in the North American market, this means a turnover-increase in the regional sales-market USA / Canada by around **+51,1 %**.

Gross profit amounts with **Mio. EUR 32,2** (prev. Mio. EUR 27,6) significantly above previous year's period. The gross profit margin has also increased by 1,2 percentage points from 47,1 % to **48,3 %**.

Earnings before interest, taxes, depreciation and amortization - EBITDA – in Q1 amount to **Mio. EUR 5,7** (prev. Mio. EUR 3,7), operating profits before interest and tax - EBIT - amount to **Mio. EUR 2,5** (prev. Mio. EUR 0,4).

The Group's profit before income tax - EBT – in Q1 amounts to around **Mio. EUR 2,1** (prev. Mio. EUR 0,0). The result after taxes and minority interests - EAT - in Q1 amounts to around **Mio. EUR 1,6** (prev. Mio. EUR 0,2).

Total comprehensive income for Q1-2018 amounts to **Mio. EUR +1,0** (prev. Mio. EUR -0,3). The difference between earnings after tax (EAT) and total comprehensive income after income taxes in Q1 primarily results from negative foreign currency translation differences (EUR-USD) recognized in other comprehensive income ("OCI") without profit impact in a total amount of Mio. EUR -0,4 (prev. Mio. EUR -0,3).

Earnings per share - "EPS" - attributable to the shareholders of the parent company MS Industrie AG - based on the weighted average number of shares issued until March 31, 2018 (on average 29,9 million shares) - in accordance with IAS 33 (basic and diluted) amount to **EUR 0,06** (prev. basic and diluted: EUR 0,01 based on 29,9 million shares).

As of March 31, 2018, Cash and cash equivalents in the group in total amount to **Mio. EUR 6,2** (Dec. 31, 2017: Mio. EUR 8,4). Liquid funds as of March 31, 2018 amount to **Mio. EUR -8,1** (Dec. 31, 2017: Mio. EUR +1,4), this means a decrease compared to the ending balance of 2017 by Mio. EUR -9,5. The decrease in liquid funds is mainly due to a significant increase in accounts receivable, which is adding to the planned negative cash flows from investing activities and financing activities.

The Group's Equity Ratio has slightly decreased compared to December 31, 2017 and now amounts to **35,9 %** (December 31, 2017: 37,1 %), while total assets have increased by 7,2 %. The slightly decreased equity ratio is primarily due to the slight increase in total assets. The increase in total assets is primarily due to a reporting date driven working capital build-up in the MS Industrie-Group.

Equity and non-controlling interests have slightly increased in absolute figures to **Mio. EUR 58,8** as at March 31, 2018 (December 31, 2017: Mio. EUR 56,7) mainly due to the positive total comprehensive income amounting to Mio. EUR 1,0 and due to the increase in other reserves and retained earnings amounting to Mio. EUR 1,1 due to the change to the new international accounting standards IFRS 9 and IFRS 15 as at January 1, 2018.

The number of Employees in the group continued to increase according to plan to a number of **1.213 permanent employees** on March 31, 2018, compared to 1.158 permanent employees as at December 31, 2017.

In Q1-2018 there have been no changes in the consolidated group structure compared to December 31, 2017.

For the entire fiscal year 2018 **MS Industrie-Group** is planning to reach a slightly increased industrial consolidated turnover of around Mio. EUR 270, as described in the forecast report of the annual management report 2017. For the entire fiscal year 2018 also, according to the forecast in the annual management report 2017, a slightly increased level of the key earnings ratio EBITDA is expected, while the key earnings ratios EBIT and EBT are expected to increase considerably due to a decrease in amortization expenses. Gross profit margin in 2018 is expected to stay constant, EBIT-margin is expected to increase slightly above the 2017 level. Due to a potential increase in tax expenses in 2018 according to the lack of non-recurring tax benefits due to unique US-tax reform end of 2017 we expect EAT and earnings per share slightly above the level of 2017 and thus also a considerable increase in consolidated shareholder's equity. For the entire fiscal year 2018 it is still expected, that cashflows from operating activities develop slightly better than in the previous year. Regarding the net cash used in investing activities it is assumed that the amounts are unchanged to previous year. The debt levels until the end of fiscal year 2018 should at a minimum stay on a stable level and the equity ratio increase slightly as a result of all measures initiated. It is assumed that in the current situation the described objectives for 2018 will be achieved.

This voluntary quarterly release contains forward-looking statements based on current estimates of the management regarding future developments. Such statements are subject to uncertainties and risks which cannot be influenced by MS Industrie AG. If such risks or uncertainties materialize, or assumptions on which these forward-looking statements are based should prove incorrect, then actual results may be materially different from the results in these statements explicitly defined or implicitly contained. It is neither intended by MS Industrie AG, nor does MS Industrie AG assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of this quarterly release. Neither MS Industrie AG nor a company affiliated with MS Industrie AG nor directors, managing directors, board members, employees or consultants of the Company, nor any other person assumes express or implied representations or warranties as to the completeness of the data contained in this quarterly release. Neither MS Industrie AG nor one of its affiliated companies nor an aforementioned person shall have any liability whatsoever for any losses arising directly or indirectly from the use of this quarterly release. Possible errors or incompleteness of the information do not constitute warranties, either with regard to direct or indirect damage or consequential damages. While all reasonable care has been taken to ensure that the facts set out above are correct and views expressed herein are fair and reasonable, this interim report is selective. If information and statistics are quoted from external sources, such information and statistics are not to be interpreted that they were adopted or confirmed correct by the company. This document constitutes neither an offer to sell nor a solicitation of an offer to buy or subscribe for shares of MS Industrie AG.

MS Industrie AG, headquartered in Munich, Germany, is the listed holding company of a focused industrial group with two strategic core business areas: **Powertrain-technology** ("MS-Powertrain Technology Group": Systems and components for heavy-duty diesel engines and custom electric motors) and **Ultrasonic-technology** ("MS-Ultrasonic Technology Group": Special and standard machines and ultrasonic systems and components). The key customer industries include the global commercial vehicle and car industry, followed by the packaging machine industry and the general mechanical and plant engineering. As part of its strategy, MS Industrie AG concentrates primarily on organic growth and investments within the existing industrial core competencies, flanked by mainly minority involvements in the industrial real estate sector as well as complementary services.

Best regards

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